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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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October 4, 2006

Ms. Mary Lou Green, Executive Director
Operation Brightside
4646 Shenandoah Ave.
St. Louis, MO 63110

RE: Fiscal Monitoring Report of Operation Brightside/Graffiti Eradication
(Project #2007-CDA10)

Dear Ms. Green:

Enclosed is a report of our fiscal monitoring review of Operation Brightside/Graffiti Eradication (Contracts #04-10-34 & #05-10-34) for the period January 1, 2004 through December 31, 2005. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Operation Brightside/Graffiti Eradication. Our fieldwork was completed on August 31, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub recipients. If you have any questions, please contact Charles Schroeder at 589-6089.

Sincerely,

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller
Jill Claybour, Acting Executive Director, Community Development Administration
Lorna Alexander, Fiscal Coordinator, Community Development Administration



CITY OF ST. LOUIS

***COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

***OPERATION BRIGHTSIDE
CLEAN UP
CONTRACTS #04-10-33 AND #05-10-33***

FISCAL MONITORING REVIEW

JANUARY 1, 2004 THROUGH DECEMBER 31, 2005

PROJECT #2007-CDA3

DATE ISSUED: OCTOBER 4, 2006

***Prepared by:
The Internal Audit Section***



OFFICE OF THE COMPTROLLER
HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
OPERATION BRIGHTSIDE/GRAFFITI ERADICATION
CONTRACTS: #04-10-34 & #05-10-34
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH DECEMBER 31, 2005

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INTRODUCTION

Background

Contract Name: Operation Brightside/Graffiti Eradication

Contract Numbers: 04-10-34
05-10-34

Contract Periods: January 1, 2004 through December 31, 2004
January 1, 2005 through December 31, 2005

Contract Amount: \$200,000 (04-10-34)
\$200,000 (05-10-34)

Contracts 04-10-34 & 05-10-34 (Documents 47636 & 50263) provided Community Development Block Grant (CDBG) funds to Operation Brightside/Graffiti Eradication to provide the cleaning and greening of St. Louis, with the help and support of various businesses, schools, churches etc. all interested parties are dedicated to improve the quality of life and environment for St. Louis.

Purpose

The purpose of our review was to determine Operation Brightside/Graffiti Eradication compliance with federal, state and local CDBG requirements for the periods January 1, 2004 through December 31, 2005 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Operation Brightside/Graffiti Eradication internal controls relating to the grant administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was complete on August 31, 2006. We received management responses September 22, 2006 and incorporated into report.

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CONCLUSION AND SUMMARY OF CURRENT OBSERVATIONS

Conclusion

We found evidence to suggest Operation Brightside/Graffiti Eradication did not fully comply with federal, state and local CDBG requirements.

Status of Prior Observations

The Agency's previous Fiscal Monitoring Report dated January 14, 2005 contained no observations.

A-133 Status

According to the letter dated February 7, 2005 and January 30, 2006 received from the Agency, Operation Brightside was not required to have an A-133 status report for the calendar years ended 2004 and 2005 because it did not expend over \$500,000 or more in federal funds for either year.

Summary of Current Observations

- Payment of salary may not be in accordance with approved personnel schedule.

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DETAILED OBSERVATIONS, RECOMMENDATIONS,
AND MANAGEMENT RESPONSES

1. Payment of Salary may not be in Accordance with Approved Personnel Schedule

All requests for payment of salaries must be in accordance with approved work program personnel schedules. CDA Operating Agency Fiscal Procedures Manual states, "Anytime there is a change in CDBG funded staff, including promotions, demotions, salary increases or decreases or position vacancies, a revised personnel schedule must be completed and submitted to the Operating Agency's Program Monitor along with a letter addressed to the CDA Director requesting the proposed change and adequate justification."

IAS noticed Community Development Coordinator salary is \$1,730.77 which is over 12% of the contracted amount \$1,535.50. The Agency requested reimbursement of 10% of the Community Development Coordinator gross salary \$1,730.77 instead of the contract amount \$1,535.50. Since the Agency did not request a budget revision, there appear to be a question cost of \$312.43 for contract year 2005.

The Agency requests reimbursement based upon an amount other than the contract amount, without adjusting the requests for reimbursement to reflect the approved contract amount or request a budget revision, the CDA compensation paid may exceed the amount stated in the contract budget.

Recommendation

We recommend the Agency reimburse CDA \$312.43 to accurately reflect actual compensation requested. A check should be submitted to Comptrollers Office – Federal Grants Section, 1114 Market St., 6th Floor, St. Louis MO 63103.

Management Response

Regarding the finding, enclosed is a copy of a request letter sent to our CDA Program Monitor in June 2005 addressing the personnel changes. As you will see from the letter, Operation Brightside made every effort to follow the CDA policies regarding changes to the personnel schedule. Upon receipt of your draft report I immediately contacted our Program Monitor and he is currently researching the issue.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,
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Auditor Comments

We were informed by the Agency that they could not locate any documentation received from CDA approving the personnel changes to the budget. Also, we were informed by CDA and Federal Grants that they have no record of a budget revision submitted by the Agency. In the future, the Agency should ensure that they receive written acknowledgement from CDA that the Agency's request for a budget revision has been received and granted.

The Agency needs to reimburse CDA the \$312.43 questioned cost.